

WorkFirst Reexamination Workgroup

Focus Area Briefing Paper

Issue: Child support enforcement

Goals: Maximize revenue to support program

Description: How can we improve the amount of child support collected for current and recent Temporary Assistance for Needy Families (TANF) clients?

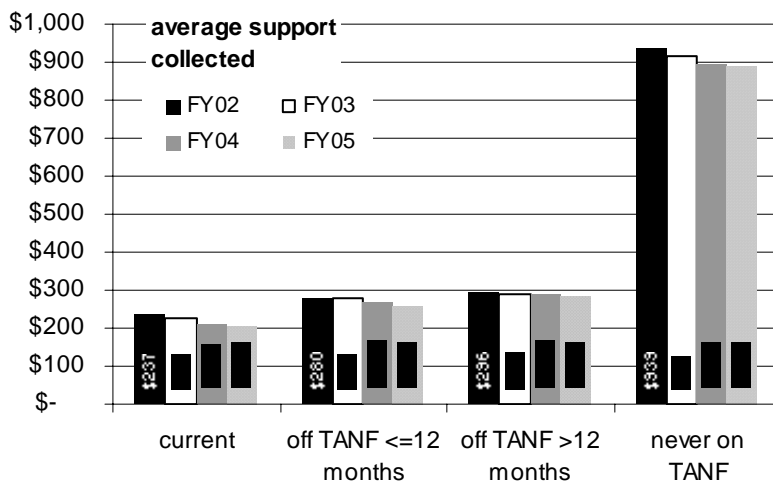
Cost / Savings: Solutions to the problem of declining child support collections have yet to be identified. It is possible that additional support enforcement officers (SEOs) may be part of a solution. In this scenario, the average cost of each additional SEO would be **\$XXX annually (data forthcoming)**.

Child support enforcement officers currently face conflicting priorities. State performance agreements require collection activities to focus on low-income families. Federal requirements stress maximizing overall collections, which leads to a focus on higher-dollar cases. Policy or procedural changes shifting resources toward lower-income cases might have an impact on federal performance incentive dollars.

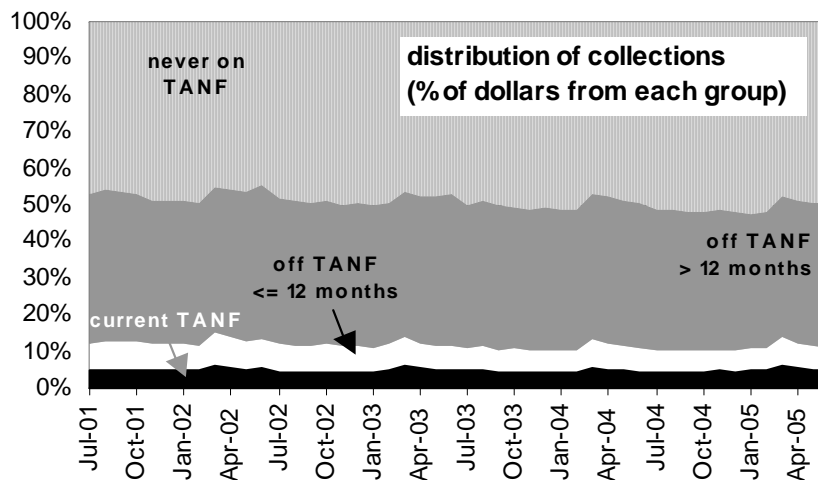
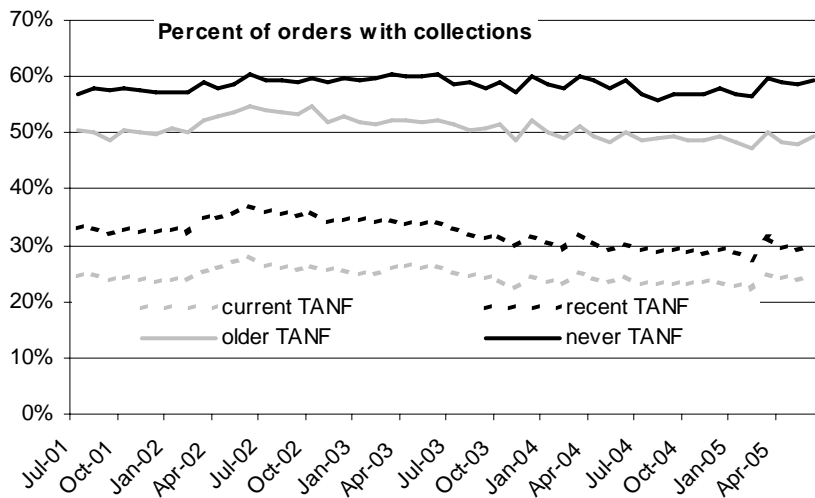
Background:

Child support collections are the second largest factor contributing to family independence from TANF, following work. Among current and recent TANF recipients, roughly 73% have support orders established, and among these, roughly 31% have support collected in a given month. These support collections average \$205 per month in FY05.

Collections for all categories of families have been declining in recent years:



Collection rates have declined for current and recent TANF recipients, while remaining flat or even increasing slightly for higher-income families (those never on TANF or off for more than a year). The share of total support that comes from current and post-TANF families has also fallen over time.



Research results:

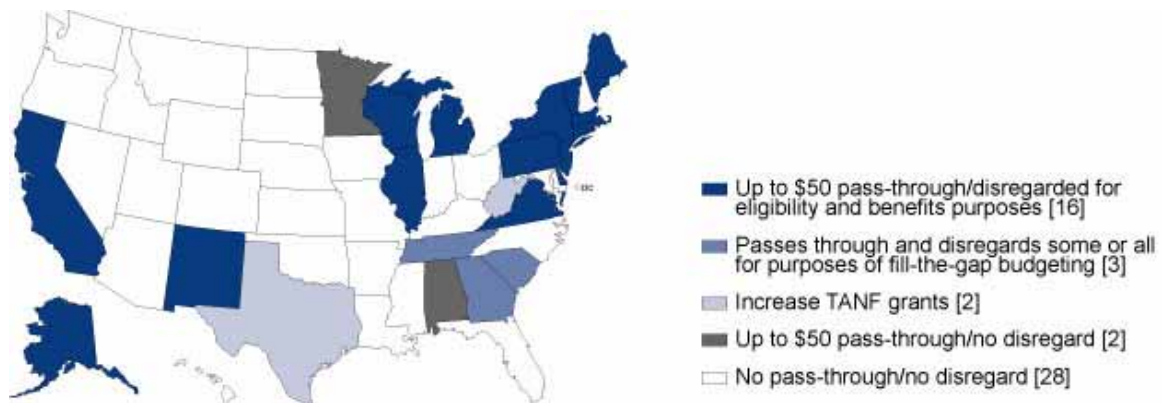
General:

- One of the strongest factors affecting child support collection rates is whether the child was born in or outside of a marriage—formerly-married parents being more likely to pay support. Thus it is important to note the share of Washington's TANF caseload that has never been married has risen over time, from 35% in 1999 to over 50% in 2005.
- For women who receive it, child support represents up to 25% of all income for current and former welfare clients.
- According to Survey of Income and Program Participation (SIPP) data, 22% of current and former clients received a payment in the prior month, in keeping with Washington State rates (74% order establishment x 31% collection rate = 23%).
- Nationally, order establishment and collection rates have been increasing over recent years.
- Payments are not consistent month to month. SIPP data indicates an average of 18.5 payments over the course of 48 months.

- Mothers are more likely to receive support if they have more education, are white, are not subsequently married.
- Child support collection is cost effective. A simulation model from 1998 found that each dollar of child support collected could lower state and federal expenditures by \$0.14 to 0.23. If all child support due to custodial parents were collected expenditures on welfare, food stamps, and Medicaid could be lowered by 8%.
- In general, neither custodial or non-custodial parents fully understand the rules around child support collections

Policy alternatives:

- Research findings indicate that the three most common child support collection tools—tax intercepts, \$50 pass-throughs, and presumptive guidelines—have strong significant impact on collection rates. In-hospital paternity establishment and wage withholding have had a significant impact on sub-groups of cases.
- More generous pass-through and disregard policies in particular are connected to more and larger support payments.
- There is some evidence that non-custodial parent pilot projects, such as Washington's SHARE program, may have had positive impacts on support collections. These projects, usually funded through welfare-to-work funds, are expensive and it is not clear that the return-on-investment is positive.
- As of July 2003, 23 states passed through (or otherwise transfer) at least \$50 of child support collected to parents, with three states transferring all support collections to the parent.



Benefits:

One peripheral benefit of increased child support collection is that children for whom support is collected tend to see their non-custodial parent more.

- For children born out of wedlock, 43% of those without support orders saw their fathers at least once a year, for those with order but no collection, the rate was 64%, and for those with collection, 79%. Among children born to a marriage, the rates for those three categories rose from 58% to 62% to 91%.

A child support pass-through of \$50, had such a policy been in place in FY05, would have transferred approximately \$500,000 from the state to TANF families.

Risks or unintended consequences:

Increased enforcement of child support collections could raise the number of families preferring to pay child support informally, not reporting this income for their TANF eligibility. Child support cooperation is a requirement of TANF receipt, and parents can be sanctioned for non-cooperation. With increased enforcement efforts, it is critical that those parents who believe they or their children might be put at risk of domestic violence by cooperation be identified and properly handled.

Research references are available on request: debbie.zeidenberg@ofm.wa.gov